

THE RHODESIAN JOURNAL

of

ECONOMICS

The Quarterly Journal of the Rhodesian Economic Society

Editorial Board:

A. M. Hawkins (Editor), J. A. C. Girdlestone, M. L. Rule, P. J. Stanbridge
and P. Staub.

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Articles

**The Economics of African
Housing**

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Amenities for the Municipality of Bulawayo.

ECONOMICS OF AFRICAN HOUSING¹

DR. E. H. ASHTON

African housing is really a moral problem. What you do about it depends on your sense of values. And of course your political common sense as well, for you haven't a hope of building a stable and contented society—which is presumably what every prudent politician wants to do—unless your people are decently and comfortably housed. But if you want to provide adequate facilities, you will need to know what the costs will be and how they can be met. My paper will try to give the answer.

2. The problem of African housing is pretty widespread—and sometimes not so pretty, as when we see the horrible shacks and compounds alongside so many of our roads. But this is part of the rural scene, and will not be dealt with in this paper, although it does exemplify the inherent factors of all African housing, namely, morals and money, whether those concerned care and care sufficiently to take a little trouble and make a little investment in human welfare. This paper will be confined to the urban areas, for it is here that the problem of housing is the most complex, interesting and controversial.

3. In the towns, African housing falls into four categories, namely, housing provided by:

- (a) Domestic employers;
- (b) Large employers;
- (c) Public bodies;
- (d) Home ownership.

(a) Domestic Employers

4. The first category mostly applies to the *kia* in the garden for domestic servants. Their accommodation is provided by the employer on his own private premises, for his own personal convenience, at his own expense. In most towns, this is controlled by the Local Authority by means of licences which relate to minimum standards and occupancy. The latter is confined usually to employees only and not to employee's wives and families, although minor exceptions and variations occur. Some Local Authorities adopted a *laissez faire* policy and although physical standards were reasonably good, no attention was paid to numbers, age or sex of the occupants, with the result that socio-political problems arose. Some of them, especially those around Salisbury Municipal area, have now been required to apply the appropriate Act (African (Urban Areas) Accommodation and Registration Act); as a result, because occupancy is limited to employees only, families are having to be accommodated elsewhere. This, in its turn, causes other problems by increasing the unsatisfied demand for housing, and creating difficulties over transport and rent, for whereas employers are prepared to spend £200-£300 on domestic quarters on their own property, they are not interested in building in an African township or in paying economic rents for their cook's family.

5. Accommodation of employees on industrial premises is permissible under the same regulations. It is generally minimal in quality and quantity. But most towns frown upon this for social reasons, considering it is better for a

1. Paper read to the Society in October, 1969.

man to live with his family in a community rather than isolated in an industrial area.

(b) Industrial Employers

6. An exception to the foregoing generalisation is the second category referred to above, namely, large employers. They are big enough, strong enough and enlightened enough (I am not saying which of these attributes is more important than another) to consider it worth while having their own accommodation for all or some of their employees. They give effect to this in different ways, such as:

- (i) Hiring blocks of accommodation from the Local Housing Authority; this may be either hostel blocks for single men (this is the cheapest) or family accommodation. The Housing Authority provides the necessary capital for the housing and services, and looks after the accommodation, for which the employer pays an economic rent;
- (ii) Providing capital for the buildings by way of purchase of Municipal stock or loan. This helps the Municipality overcome one of the bottlenecks to the provision of housing. What rights the employer has and what rent he pays are matters for negotiation between him and the Municipality;
- (iii) Developing their own housing estate. In urban areas, the Government's authority has to be obtained with the Local Authority's concurrence for such development, and is mainly applicable to statutory commissions such as the Rhodesia Railways, Cold Storage Commission and Electricity Supply Commission. Some of them are now giving up their housing functions and rely instead on the local Housing Authority as in (a) above. Outside the towns, where there is no Housing Authority, large employers have to rely on themselves. Some of them, such as Wankie and Shabani, to instance only two, provide admirable housing and social amenities. Where an employer does develop his own housing estate, he must meet all costs (capital and recurrent) himself, but he may be granted remission (total or partial) of Services Levy and he may recoup part of the costs by way of rent.

(c) Public Bodies

7. In the early days, Africans were left, or allowed, to build their own accommodation. As they had neither the skill nor the resources to profit by this arrangement, untidy, unhygienic, wattle and daub, pondokkie settlements were the result. In the middle years between the two world wars, some Municipalities began to exercise what is traditionally an important Local Authority function and laid out neat townships and built low cost housing for those employed in industry and commerce. They were somewhat obsessed with the desire for economy and with the migratory labour system and so tended to concentrate on cheap, so-called, bachelor accommodation. To counter this and to encourage them by example rather than precept, the Government entered this field in the thirties and started what were then known as model village settlements, with plots larger than those favoured by the Municipalities and intended solely for families, preference being given to the Government's own employees.

8. The thinking behind this dualism continued for many years and coloured the approach of even such progressive leaders as Sir Edgar Whitehead, who talked of the Government's responsibility to house the "settled" indigenous families and of the Municipalities to accommodate the "rootless" migrants and alien workers. The present Government is much more realistic and considers that there should be only one housing authority in each area and that this should be the Local Authority—using this term in the widest sense in the case of Salisbury, where the question of African housing is included in the terms of reference of the present Commission of Enquiry into Greater Salisbury.

9. Various types of accommodation are provided—single and married, monthly tenancy, leasehold of from 10 to 99 years, and freehold. This last is a recent innovation which, so far as I know, has only been utilised in Bulawayo. The economic aspects of these different types will be discussed below.

(d) Home Ownership

10. As just indicated, Housing Authorities may provide homes for private ownership. But it is also possible for private individuals to build their own homes and this is being done at Marimba Park in Salisbury and various townships in Bulawayo. The prospective home owner acquires his plot from the Housing Authority, either (and usually) on long lease or freehold, and builds his home with funds raised from the normal agencies such as Building Societies (though this is sadly limited by the conservatism, if I might use a mild euphemism, of such institutions) with or without Government guarantee; the Land Bank in the case of Civil Servants, the Municipality (in the case of Bulawayo when loans of £100 to £1,250 are granted from Municipal beer funds), employers or own private resources. One interesting special case occurred in Bulawayo where a housing co-operative was established a few years ago with the financial help of the Joseph Rowntree Memorial Trust. This Co-operative bought its land on freehold, built 38 houses and two shopping sites. Its 38 members were entitled to rent one of these houses and to participate in the administration of this miniature housing estate. The venture was financed partly by funds raised from the sale of 38 shares at £50 each, but mainly from a long term (40 years) loan of £52,269 from the Trust.

11. Home-ownership in itself is no new concept to Africans. In spite of loose talk about the communal ownership of property, a man's home has always been his personal property—he did not own the land, as this was unalienable, but he owned the materials of which it was made and he could dispose of them piecemeal. But ownership in town is new, with its rights to the land, its rights of alienation, and its far greater capital and maintenance costs. It needs a degree of financial and social sophistication that Africans have not possessed until recently and so is a development of very recent growth.

12. Its development was also held back by legislative impediment and negative European thinking. In the past, African townships were technically part of the European area. The basic concept stemming from the Native Urban Locations Ordinance of 1906 was that the essential qualification for an African to live in the Location was that he should be employed in town; it was therefore only permissible for him to occupy leased accommodation. As urbanisation developed, this concept slowly widened, and provision was made for

Africans to rent accommodation for longer periods than 1 month or to lease land on which to build. Such periods gradually lengthened from 10 years to 30 years to 99 years. Then in 1960, a fundamental change came with an amendment to the Land Apportionment Act, which classified the townships as part of the African area and so did away with the theoretical obstacle to true home-ownership and permitted freehold. Some Municipalities still do not favour home-ownership, but in spite of their negative attitude, home-ownership can be expected to become much more important, now that the legal position is favourable and more Africans are becoming affluent and sophisticated.

Economics

13. The major problems of African housing lie in category (c), i.e., housing provided by public bodies. This is the largest category and the most controversial. Because it caters for the lower paid workers who cannot afford the sort of housing that they ought to have, it faces the problem of making ends meet—of subsidising or lowering standards.

14. A few figures will help set out the problem. These are very rough, but for the purposes of this paper, which is to give a broad indication of the basic problem of urban African housing, they are good enough.

15. *Numbers employed:*

Bulawayo	Municipal	50,004	Peri-urban	4,639
Salisbury	"	71,870	"	21,809
Umtali	"	9,416	"	1,185
Gwelo	"	10,346	"	113

These figures exclude domestic servants and railway workers, as most of them fall under categories (a) and (b), and so do not create an appreciable demand for housing, although the former are now beginning to do so.

16.	Family sizes	* Bulawayo (1969) %	** Salisbury (1968) %
	Childless	2	2
	1+2 children	23	18
	3+4 children	46	35
	5+6 children	23	28
	7+ children	6	17
	Overall average of children per family:		
	Bulawayo	3.6	
	Salisbury	4.3	

17. Wage Distribution: Salisbury 1968

Less than £18 per month	60%
Between £18 and £22 p.m.	22%
Between £22 and £30 p.m.	14%
Over £30 p.m.	4%

18. Comparable figures from Bulawayo are not available, but are probably lower. A small survey of 65 families done in 1967, gives similar figures (60:23:10:7) and the Superintendent of a new housing scheme let to 600 homeowners earning a minimum of £17.10.0d. per month states he had to turn away at least

as many others because they could not comply with his minimum. But of 513 applicants for housing last year, 90% earned less than this figure.

19. Housing available (1968)

	<i>Salisbury</i>	<i>Bulawayo</i>
Single	22,083	9,511
Married (letting)	10,567	13,000
Married (home-ownership)	7,500 (approx)	6,723

20. Houses needed

Waiting List: Salisbury Municipality (1968)	8,366
Bulawayo	2,230

The Bulawayo figure does not allow for about 3,000 sub-standard units which need replacing.

21. The foregoing gives an idea of the overall need for housing, the sort of houses required and the ability of those concerned to pay for them.

22. Now we come to the other side of the picture—cost of housing. This consists of two parts:

- (a) Capital cost of developing housing estate, and the cost of the houses themselves;
- (d) Costs of the interest and redemption of the capital, administration and service charges (water, light, sewerage, maintenance).

23. In 1962, a working party in Bulawayo examined the costs of development in great detail, and concluded that the servicing of a stand measuring 37' × 82' cost £127 (£70 for water and sewerage, £24 for roads, £33 for electricity). These costs have probably increased by 10% since then to, say, £140. One can play about with this figure by omitting electricity, putting in minimal roads or substituting ponding for conventional sewerage works, so that a particular scheme might be cheapened below this figure, but sooner or later additional expenditure will have to be incurred on that scheme (e.g. repairing storm water damage to roads, installing lighting for security purposes) or other factors will arise such as unsuitable terrain for further development, so that for practical purposes an average cost of £140 can be regarded as minimal.

24. Current figures in Bulawayo for housing costs using brick construction and 4½" walls are:

- (a) 4-room free standing cottages 480 sq. ft., with economy toilet and stand pipe £410. Cost per sq. ft., 17/1d.;
- (b) 4-room double storey flats with shower and toilet, 554 sq. ft., £600. Cost per sq. ft. 21/8d.;
- (c) 2-room and kitchen alcove, single storey terraces, 255 sq. ft., with economy toilet and standpipe, £250. Cost per sq. ft. 19/7d.

25. Here again, one can play about with these figures, pruning a bit here and there, e.g., by omitting floors or in using mass production industrial methods (concrete blocks or panels) but the savings, if any, will only be marginal. Indeed, they frequently prove to be illusory, for if standards are reduced appreciably, any savings in capital are quickly made up by increased costs of maintenance.

26. One must also take into account the interrelation of these costs with services, and other factors. For instance, flats cost more than houses, but the

increased density (1:1:46) they achieve without turning the estate into a brick jungle helps to offset this. Moreover, flat development moderates the urban sprawl and helps reduce transport costs.

27. These costs affect the situation in two ways: One is the number of homes that can be built—Bulawayo and Salisbury together need 14,000 to 15,000 units, or capital over £7,000,000. This is a formidable sum. It obviously could neither be found nor spent in one fell swoop. But a steady programme that would reduce the backlog is not impossible.

28. The more important sources of this money are:

- (a) *Loans*: In the past these were sometimes from special funds, such as monies lent by the British Government specifically for African housing. For the rest, and nowadays, entirely, they are allocations from the Government's general borrowings;
- (b) *Loans raised by the Municipality in the open market*: Owing to present financial difficulties, Municipalities are now prohibited from going into this market.
- (c) *Internal Municipal Sources*: A Municipality has several internal funds which it can use for capital purposes, including African housing. The amounts available are limited.
- (d) *Profits from Municipal Liquor Undertakings, commonly known as "Beer profits"*: These can be used for various purposes, with Ministerial permission, such as:—
 - (i) loans for home-ownership;
 - (ii) street lighting;
 - (iii) since 1966, up to one third of the annual profits for low cost dwelling units.

29. The second aspect is the effect of the cost on interest and redemption charges. At 7% over 25 years which is the usual Rhodesian system, the monthly charge is 14/4d. per £100. This obviously constitutes a most important element recurrent costs. The more one can do to keep it down, the better.

30. Other elements in recurrent costs are:—

	s.	d.
(a) administration, e.g. rent collection, looking after the housing estates	10	0 p.m.
(b) landlord services, e.g., housing, maintenance, repairs and insurance	10	0 p.m.
(c) "rate" services, as are normally provided by a Municipality and paid for out of rates, or special charges, e.g., roads, street lighting, sewerage, rubbish removal	9	0 p.m.
(d) consumers services, sometimes included in the rent, and sometimes charged for separately, i.e.,		
(i) water, between 3/- and 4/- per month per 1,000 galls.: say	8	0 p.m.
(ii) electricity, the cheapest is controlled by amp limiters and in Bulawayo the lowest charge is	12	6 p.m.
	<hr/>	<hr/>
	£2	9 6

31. The total monthly liability is thus £2.9.6d. excluding interest and redemption. The amount of the latter depends upon the size of the house. If we go by normal building and health regulations, the minimum requirement for the "average" family of man, wife and three children, would be a house of two bedrooms + kitchen/dining and lavatory. This would cost £255 + £140 services = £395, and so carry an interest and redemption charge of £2.17.4d. per month, giving a total monthly commitment of £5.6.10d.

32. How is this to be met by the bulk of our labour force who earn below £18 per month? The answer is that it cannot—something must give along the line somewhere.

33. This is not a problem peculiar to Rhodesia. It is widespread. An industrial economy suffers from the plague that wages of lower paid workers are insufficient to enable them to afford the minimal accommodation that is acceptable in that community. In the U.K., for instance, the minimal size of a dwelling is about 755 to 800 sq. ft., but its costs are \pm £3,000, which is more than the lowest paid employees can pay. The problem is usually met by subsidisation by the central exchequer, or by the rate fund, or both, by low interest loans (e.g. $\frac{3}{8}$ %), long term loans and grants-in-aid. The position is not quite as easy in Rhodesia—conceivably because the Africans are not a significant part of the body politic, have little to say in national politics and no Municipal vote.

34. The nub of the matter is that in terms of the African (Urban Areas) Accommodation and Registration Act referred to in paragraph 4, African housing has to be accounted for by Municipalities, who are the principal Housing Authorities, in a separate African Revenue Account. This accentuates the division of the town into racial groups and encourages the attitude of mind that "Africans should pay for themselves" rather than accept the provision of low cost housing for the lowest paid workers as a social responsibility, which should be shouldered by the community as a whole. Legally this account could be subsidised by the rate fund, but it would be unrealistic to suppose it would be, so in practice other means have to be found of balancing the account and of bridging the gap between the cost of housing and what the occupant can afford to pay. These are:

35. (a) *Internal subsidisation of married accommodation by bachelors:* The Act referred to above requires employers to pay their employees' rents. In recognition of the probability that employers would prefer to engage single rather than married employees, as the latter's accommodation was more costly, it provided that the rent of both types of accommodation should be the same. In practice this meant that the rents were pooled at a figure where "profit" on bachelor accommodation liquidated losses on family housing.

36. This system worked so long as there was a large preponderance of bachelors—16 years ago in Salisbury it was 15:1. But once this began to fade to near equality as it is to-day, the value gap between them widened so considerably—in one area the same rent was charged for a 4-roomed cottage as for a bed in a hostel and even then, the bachelor had to pay extra for his locker!—that the disparity between supra-economic single rents and sub-economic family rent became unacceptable to bachelors and their employers. Some Housing Authorities modified their rent structure by providing "special"

accommodation which could carry a differential surcharge to be paid by the tenant himself. But even this proved insufficient to balance the account.

38. (b) *Services Levy*: Growing deficits led, in 1961, to the Services Levy. This introduced what is essentially a housing tax, payable by employers other than domestic employers, in respect of their male employees, earning less than £22 per month. Its purpose is to make good deficits on housing accounts and also on bus services. The latter, happily, have been reduced to nil, but the former still exist. The draw-off in Salisbury is about £300,000 per annum in respect of the Municipal account and £120,000 for Government townships. In Bulawayo the amounts are about £140,000 and £36,000 respectively. This has been a boon to housing authorities and has been a most effective means of bridging the gap between what a family needs and what it can afford. Unfortunately, it has become unpopular in Salisbury where pressures have been building up to have it abolished.

38. (c) *Home Ownership and Lodgers*: In Bulawayo and some of the Government townships round Salisbury, considerable encouragement has been given to home-ownership. This has the double advantage of developing a stable community with a real interest in property, and of obviating the losses incurred by rented accommodation. This latter goal is achieved by making these home-ownership schemes as near as possible economic, i.e. that the monthly deposits on interest and redemption of the capital involved and the monthly charges for services should equal costs.

38. As far as possible the home-owners are chosen from the better paid ranks—the latest Bulawayo scheme requires a minimum wage of £17.10.0d. per month, but even so, the great majority cannot afford, on their wages, to pay the economic charges, which might amount to over £6 per month. Some of them manage to augment their wages in various ways, legal and illegal, but most of them have to take in lodgers. In Salisbury Government townships, they have to pay 15/- per month per head for the privilege, but in Bulawayo they let an outside room specifically designed for this purpose for 30/- per month, which the lodger recoups from his employer as a housing allowance. Details are given in the following table:

Scheme	Total monthly charge £ s. d.	No. of houses	No. of lodgers		
			Nil	1	2
A (i) 1957	4 4 0	2,631	506	1,551	574
A (ii) 1961	5 17 6	228	83	100	45
B 1961	5 13 6 5 17 6	1,502	77	162	1,263
C 1969	6 17 6	600	122	138	340

40. That householders take in lodgers from necessity rather than choice is illustrated by the pattern of Schemes "B" and "C" which are both newer and more expensive than the others.

41. The figures for the older, cheaper schemes suggest that when they can manage without or with fewer lodgers, they do so. But I must add that though these figures were taken out in September I am not completely satisfied with their accuracy.
42. (d) *Use of Beer Profits:* In South Africa, up to a third of the beer profits may be used to subsidise rents. This is not done in Rhodesia so directly. But some relief can be obtained by using these monies as grants towards general building costs (rarely) and for provision of street lighting, the capital cost of which would otherwise carry interest and redemption charges.
43. As mentioned earlier, one third of these profits may be used for low cost housing. Some of us hoped that interest rates could have been reduced substantially and so lower the rent structure of such housing, but Government has insisted on their conforming with current levels. So though these monies have limited effect on rents, they are a valuable source of capital.
44. They do, however, play a vital part in the overall economics of housing, through the financing of all health, recreation and welfare services. Normally, such services are provided out of rates, but by virtue of the fiscal separation of the African townships it would be unrealistic to suppose that the Rate Fund would contribute appreciably to their amenities. They would thus have had to finance their own amenities by levying a charge upon themselves. As this would have added a further burden to their monthly rents, it would have been kept to a minimum with the provision of only the barest necessities. But beer profits, psychologically and practically, are a very different type of commitment, being a painless, almost pleasurable, form of taxation. Many people have cast covetous eyes upon them, but the Government has firmly repelled all attacks upon them, with the result that a standard of social services can be provided far above what would have otherwise been the case.

Conclusion

45. Thanks to these four main devices, Housing Authorities are managing to cope with the problem of making ends meet. But I would not like to give the impression that everything in the garden is rosy. It is not. We are short of houses, we are woefully short of adequate housing (far too many families are squeezed into one room or two, or are having to share small cottages and flats, creating densities that exceed normal legal limits) and we live in daily dread of one or other of our props being knocked from under us. But by and large, Rhodesia's record in this field has been and continues to be good, and in spite of many difficulties, many of our people have managed to turn their houses into homes.



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